

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

EDUCATIONAL COMMISSION FOR	:	CIVIL ACTION
FOREIGN SCHOOL MEDICAL	:	
GRADUATES	:	
	:	
v.	:	
	:	
MAKSIM REPIK, INFOREALITY	:	
CORPORATION AND JEFFERSON DATA	:	
INTEGRATION, INC.	:	NO. 99-1381

MEMORANDUM ORDER

Presently before the court in this trade secret misappropriation and copyright infringement case is plaintiff's motion for a preliminary injunction and expedited discovery.

Plaintiff is a non-profit organization which administers licensing examinations to graduates of foreign medical schools and certifies successful examinees as eligible for residency and fellowship programs in the United States. Plaintiff has developed what it describes as a "proprietary and confidential" Applicant Valid Through System (AVTS) computer program and Candidate Master (CM) database. Plaintiff has also developed other databases, which it asserts are proprietary and confidential, that can be accessed through its AVTS program. The AVTS program also permits access to certain American Medical Association databases which are subject to a confidential data-sharing agreement between plaintiff and the AMA.

Defendant Repik owns defendant InfoReality and was a part-owner of defendant Jefferson Data, which is now apparently dissolved. InfoReality is, and Jefferson Data was, in the business of website programming and related services. In March 1998, plaintiff entered into an Independent Contractor Agreement with defendants Repik and Jefferson Data under which they were to perform computer-related consulting and advisory services that required them to have access to plaintiff's AVTS program and databases. The Independent Contractor Agreement provided that Mr. Repik and Jefferson Data would maintain all proprietary and confidential programs and databases in confidence and indemnify plaintiff for any expense it might incur if Mr. Repik or Jefferson Data breached plaintiff's confidentiality rights or infringed its copyrights.

Plaintiff believed Mr. Repik was spending too much time and effort on his own internet business and not enough doing work for plaintiff. On December 9, 1998, plaintiff informed Mr. Repik that it was terminating its relationship with him and Jefferson Data as of December 11, 1998.

Plaintiff subsequently discovered that on December 10 and 11, 1998, Mr. Repik had used the ATVS system to transfer significant portions of the CM and American Medical Association databases. Plaintiff also discovered that Mr. Repik had reproduced and transferred to his "Jefferson-Network.com" website

additional files from plaintiff's databases as early as March 16, 1998. Plaintiff also discovered that on InfoReality's website, it described itself as "one of the largest Continuing Medical Education sites on the Internet offering the most comprehensive list of accredited resources for physicians" and provided "detailed information regarding program contents, speakers/faculty, accreditation and special offers." Plaintiff alleges that InfoReality's medical education information was confidential data which Mr. Repik pirated from plaintiff.

Plaintiff obtained copyright registrations for its AVTS program and CM database, effective February 1, 1999. It is uncontested that no representative of plaintiff requested or demanded that Mr. Repik return any of the allegedly pirated materials before filing the complaint in this action or the motion for preliminary injunction.

Defendants admit that Mr. Repik made copies of plaintiff's programs, including the AVTS program, but represent that the March 1998 copying was to allow Mr. Repik to do off-site work for plaintiff and that as plaintiff knew Mr. Repik was working off-site, it must have known he had to have made copies in order to do so. Defendants also represent that Mr. Repik made the December 1998 copies for future reference for follow-up consulting work because he was told by the same employee of plaintiff who advised him the contract was being terminated that

he might still contact him for some additional work on the programs.

Defendants assert that plaintiff's databases are not creative or original and that, in any event, Mr. Repik was not required to sign the agreement which contained the confidentiality clause until after he had been working for plaintiff for a month and had acquired access to plaintiff's data and files. Defendants represent that they have no use for the AVTS program, do not use it or any related files on the InfoReality website and do not intend ever to use or disclose the information. Mr. Repik claims that he rewrote the AVTS program "from scratch," that the program was not a "work for hire" because he was an independent contractor, that Mr. Repik is therefore the owner of the AVTS program for copyright purposes and thus is entitled to compensation from plaintiff in exchange for the copyright.

In determining whether a preliminary injunction should issue, courts determine whether the movant has shown a reasonable probability of success on the merits, whether the movant will be irreparably injured by denial of the relief, whether granting preliminary relief will result in even greater harm to the nonmoving party and whether granting the preliminary relief will be in the public interest. See Allegheny Energy, Inc. v. DOE, Inc., 171 F.3d 153, 158 (3d Cir. 1999). A plaintiff who makes

out a prima facie case of copyright infringement, however, is generally entitled to a preliminary injunction without a detailed showing of irreparable harm as such infringement raises a rebuttable presumption of irreparable harm. See Marco v. Accent Publishing Co., Inc., 969 F.2d 1547, 1553 (3d Cir. 1992); Apple Computer, Inc. v. Franklin Computer Corp., 714 F.2d 1240, 1254 (3d Cir. 1983), cert. dismissed, 464 U.S. 1033 (1984); CMM Cable Rep., Inc. v. Keymarket Communications, Inc., 870 F. Supp. 631, 639 (M.D. Pa. 1994). Unless the evidence submitted by the parties leaves no relevant factual issue unresolved, a hearing is generally required. See Bradley v. Pittsburgh Board of Educ., 910 F.2d 1172, 1176 (3d Cir. 1990); Williams v. Curtiss-Wright Corp., 681 F.2d 161, 163 (3d Cir. 1982) (per curiam).

Defendants assert that there is no need for injunctive relief because they are not now using, and will not use, the allegedly infringing and misappropriated material. Courts have held that it is unnecessary and inappropriate to enjoin a defendant from doing what he is not doing and which he represents he will not do in the future. See, e.g., Harolds Stores, Inc. v. Dillard Department Stores, Inc., 82 F.3d 1533, 1555 (10th Cir.) (absent "probability or threat of continuing infringements, injunctive relief is ordinarily inappropriate"), cert. denied, 117 S. Ct. 297 (1996); Cass County Music Co. v. Khalifa, 914 F. Supp. 30, 34 (N.D.N.Y.) (injunction is "extraordinary" remedy to

be granted in copyright cases only upon proof of threat of continuing or additional infringement), aff'd, 112 F.3d 503 (2d Cir. 1996); Dolori Fabrics, Inc. v. Limited, Inc., 662 F. Supp. 1347, 1358 (S.D.N.Y. 1987). Some discovery is appropriate to substantiate or refute plaintiff's belief that Mr. Repik is using the material for commercial gain and to determine whether plaintiff and any defendant in fact are in competition. The court also cannot discern from the record as it stands whether defendants are representing that they have not used any allegedly confidential or proprietary materials obtained from plaintiff or only that they have not used the AVTS software program since Mr. Repik stopped working for plaintiff. Mr. Repik's affidavit in opposition to the instant motion is somewhat ambiguous in that regard.

Expedited discovery in connection with a preliminary injunction motion is appropriate. See Philadelphia Newspapers, Inc. v. Gannett Satellite Information Network, Inc., 1998 WL 404820, *2 (E.D. Pa. July 15, 1998); Ellsworth Assocs v. United States, 917 F. Supp. 841, 844 (D.D.C. 1996). The court will permit the parties a reasonable period of time to conduct discovery relevant to the motion for preliminary injunction, after which a hearing will be scheduled if necessary.

As noted, it is generally unnecessary to enjoin a defendant from doing what it is not doing and does not intend to

do. At the same time, however, it is difficult to understand why a defendant who is not doing and does not intend to do what plaintiff seeks to enjoin would not agree to a consent decree without any admission of fault rather than expend substantial time, money and effort in litigating the motion. It appears that defendant has offered to sell plaintiff the copyright he claims with respect to the AVTS software for \$20,000. It also appears that attorney fees and costs for which defendants made a demand are rapidly approaching \$20,000, and will almost certainly exceed that amount by the time court proceedings on the motion have concluded. Both sides have described the continued prosecution of this case as a "waste of judicial resources." It appears that the costs in this litigation are being compounded well out of proportion to the stakes.

The court will allow discovery and will then conduct such further proceedings as are necessary. The parties, however, may want to consider whether an appropriate interim consent order or overall non-adversarial resolution of their dispute would be in their best economic and practical business interests.

ACCORDINGLY, this day of May, 1999, upon consideration of plaintiff's Motion for Expedited Deposition and Document Production (Doc. #4) and defendants' response thereto, **IT IS HEREBY ORDERED** that said Motion is **GRANTED** in that the parties shall have until June 14, 1999 to conduct discovery in

connection with plaintiff's motion for a preliminary injunction and upon advice from counsel that any such discovery undertaken is completed, the court will promptly schedule such further proceedings as may be required to determine whether a preliminary injunction should issue.

BY THE COURT:

JAY C. WALDMAN, J.